

People Skills for Managers

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Agribank, Farm Credit Bank is developing a series of video tapes that will be used to assist farmers in strategically planning their farm businesses. The series is comprised of five modules, and one of the modules discusses "people skills for managers." This manuscript was prepared as background material for that module.

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People Skills for Managers

Introduction

The Importance of People Skills

The manager's interpersonal skills are pervasive, regardless of the size or complexity of the business. How the manager views others, leads employees, organizes tasks and people, communicates, motivates, disciplines, and resolves conflicts determine, in large part, the success of the organization. "People skills" are essential for implementing strategic changes and transforming the organization. This module goes deeper into some of the human resource issues that were first examined in Module 2.

Managers often feel that situations persistently arise where employees perform in ways that seem detrimental to the good of the organization; organization among employees seems poor; they resist change; they don't take enough initiative; they constantly complain about the manager's lack of communication; and employees spend too much time waiting on directions. The manager is always thinking and sometimes saying, "you just can't find good help these days" or "if you want anything done right, you might as well do it yourself."

Managers also worry about their people skills with individuals other than employees. There are recurring problems in relating to the accountant, broker, lawyer, construction workers, truckers and others providing services to the business.

On most farms, as in other family businesses, the manager interacts with family members in the work place. In this module, the term "employee" includes family members who are a part of the business. Certainly, family relationships complicate interactions among participants in the organization.

Overview of module

The context or setting in which people relate to one another strongly affects how they relate. The context or setting is determined by differences in people, differences in manager's philosophy about employees, and differences in organizational culture, mission, and goals. These differences are explored in the first part of this module. Improvement in people skills could rest partially on clarifying differences in people and identifying the preferred type of person for a job, understanding the implications of a manager's philosophy about employees, and better defining the organization's culture, mission, and goals.

Then, in the second part, a number of tools to improve interpersonal relations are reviewed briefly. These include basic principles of motivation, leadership, training, communication, discipline, conflict resolution, and organizational structure.

People matter a great deal to the success of the organization. Having them working to achieve a common set of goals in a coordinated fashion is not a small task, and certainly it is something that cannot be discussed fully in this one module. The intent of this module is simply to introduce some new concepts and vocabulary to managers.

Part 1. Context in which the manager relates to people

1.a. Differences in people

In Module 2, personality types of participants in the organization were assessed. This module also discusses differences in people, but from a slightly different perspective than in Module 2. Discussed here are differences in how people view their work environment: other employees, bosses, subordinates and their relationship with these people.

One perspective on these differences is offered by Graves model of differing employee values. These differences are important for employers when considering personal characteristics needed for a particular job. They also are important in anticipating problems among employees or between supervisors and employees.

LEVELS OF PSYCHOLOGICAL EXISTENCE

Existential (level 7)

High tolerance for ambiguity and for people with differing values. Likes to do jobs in own way without constraints of authority. Goal oriented toward broader arena and longer time perspective.

Sociocentric (level 6)

Concerned with social issues and individual dignity. High need for affiliation with groups.

Manipulative (level 5)

Ambitious to achieve status and recognition. Strives to manipulate people and achieves goals through gamesmanship and persuasion.

Conformist (level 4)

Low tolerance for ambiguity and for people with different values. Attracted to rigidly defined roles and tends to perpetuate the status quo.

Egocentric (level 3)

Rugged individualist. Selfish, thoughtless, and unscrupulous. Does not function well within constraints imposed by organization.

Tribalistic (level 2)

Strongly influenced by tradition and power exerted by boss or other authority figure. Superstitious, seeks authority's direction and approval.

Reactive (level 1)

Not aware of self or others as individuals. Reacts to basic physiological needs. Mostly restricted to infants.

Source: Clare W. Graves, "Levels of Existence: An Open System Theory of Values," Journal of Humanistic Psychology, Fall 1970, Vol.10, No. 2, pp. 131-155.

Members of a farm business are part of a team. Their levels of psychological existence can complement one another or lead to conflict. The stereotype of the "boss" is probably the conformist (level 4): rigid, disliking change, authoritarian, with a "do it my way" attitude. Teaming the level 4 supervisor with the level 7 existential employee is a recipe for conflict. The supervisor thinks, "do it my way or else, after all I'm in charge here." The subordinate thinks, "my boss is driving me crazy. He is stubborn, ignores suggestions, and insists on telling me how to do my job."

EXERCISE:

1. Where would you place some members of your organization on Graves' levels of psychological existence?
2. Identify examples of conflict between people that might be caused by their differences in employee values.

1.b. Differences in manager's philosophy about people

Douglas McGregor's Theory X - Theory Y assumptions are a widely accepted statement of two alternative philosophies a manager may have about employees.

Theory X assumptions:

1. The average person has an inherent dislike for work and will avoid it if possible.
2. Because of dislike for work, most people must be coerced, controlled, directed, threatened, and punished to get them to put forth adequate effort toward the achievement or organizational objectives. Rewards are not enough because people always want more. Only threats control them.
3. The average person prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all else.

Theory Y assumptions:

1. The expenditure of physical and mental effort in work is as natural as play or rest.
2. External control and threat of punishment are not the only means of bringing about effort toward organizational objectives. The average person will exercise self-direction and self-control to reach goals to which they are committed.
3. Commitment to objectives is a function of the rewards associated with their achievement.
4. The average person learns, under proper conditions, not only to accept, but to seek responsibility.
5. The capacity to exercise a high degree of imagination, ingenuity, and creativity in the solution of the organization's problems is widely, not narrowly, distributed among employees.
6. The intellectual potential of most individuals is only partially utilized in most organizations.

Theory X-Theory Y state two extreme views towards people. In reality most managers' attitudes are a blend of these two extremes. However, those who lean toward Theory X will have different management philosophies and attitudes about people. Theory X is negative and static. Theory Y is positive and dynamic. Theory Y managers expect people to change, to improve, and to develop an increasing attachment to the business. Theory X implies antagonism between supervisors and employees. The manager is responsible for motivating employees and can

expect problems in communicating with employees. Employees' sabotaging what the manager is trying to achieve is to be expected.

Managers with Theory Y assumptions have more potential for integrating employees' goals with goals of the organization. As a result, managers are able to give employees greater latitude in performing tasks, to encourage creativity and innovation, to minimize the use of controls, and to make the work more interesting.

From the employee's perspective, the philosophy of the manager can have an important influence on employee attitude and performance. In essence, a Theory X manager can create an atmosphere that leads to Theory X employee behavior.

EXERCISE:

1. From your experience, can you think of examples of Theory X and/or Theory Y managers?
2. Identify examples of problems in interpersonal relations that might be caused by a manager's philosophy about people.
3. Your own style of leadership is probably a blend of Theory X and Theory Y leadership styles. Are there some situations in which Theory X is the preferred style?
4. Are there things managers can do to move toward the more positive approach of Theory Y?

1.c. Organizational culture

Organizational culture is the set of values that are shared by members of the organization. These shared values determine the things that are really important. The success of the "Japanese management style" is a result, in part, of a defined culture, and now many businesses attempt to manage their culture.

Some ways of promoting a particular culture are the following: myths tell about those things that are held in high esteem. They are stories, for example, about heroes, past leaders who transformed the organization, pioneers who overcame incredible odds, or actions of the organization in periods of stress. Language and metaphors are words or phrases that capture the essence of organizational values. Those employed at Disney are "members of the cast," not employees. Symbols, ceremonies and rituals might include logos, mottos (e.g., quality is number 1), things that the organization celebrates (e.g. employees' suggestions that make the organization more efficient). Behavioral norms and identifiable values are things that appear to be rewarded in an organization and things that are not. Management could consciously try to recognize and reward team work, to encourage open communication, or to encourage employees to experiment and to try new approaches, for example.

Every family farm has a culture shaped by myths, metaphors, symbols, etc. Some examples: Grandpa was always trying out new gadgets and was the first to use no-till in the county. This farm has been in the family for five generations, and every generation has raised purebred cattle. The early bird gets the worm. Dad always said, plant corn in your overcoat and harvest in your shirt sleeves. We always wash and wax our field equipment before putting it away.

EXERCISE:

1. What is unique about the culture of your organization compared to other organizations? What are ways this culture is promoted?
2. What would you like to change in the culture of your organization?
2. Identify ways in which this change in culture could be promoted.

1.d. Mission of the organization

A mission statement is a statement of an organization's "reason to be." Its focus is on customers, markets, fields of endeavor. Ideally, every activity within the organization would be in pursuit of achieving the mission. Mission statements could consist of one or more of the following components:

- customers, e.g. serve the needs of our customers with our product;
- products or services, e.g. provide high quality product to customers;
- location, e.g. deliver to particular geographic region;
- technology, e.g. use our technology to improve the quality of life;
- philosophy, e.g. treat customer, employees, and community fairly;
- self-concept, e.g. outperform competitors, grow rapidly;
- public image, e.g. regarded as a good community citizen;
- concern for employees, e.g. compensate employees at a level that is competitive with similar employment opportunities and commensurate with contributions toward organization

EXERCISE:

1. Revisit the mission statement that was developed in Module 2.
2. Does the mission statement emphasize the importance of people? Does it strive to enhance relationships among people?
3. Should the mission statement be revised?

1.e. Goals and objectives of the organization

These are future targets or results the organization hopes to achieve. A plan is the means for achieving the goals. Planning is the management function that consists of setting goals and developing plans to achieve them. These goals and plans are to be consistent with the mission of the organization and use it as a guiding statement. Goals can be thought of as a refinement of the organization's mission. Goals can be developed at different levels of specificity. Strategic goals are broadly defined targets for the organization concerning key issues, e.g., size, profitability, market share, financial resources, human resources. Operational goals address measurable outcomes to be achieved at the lowest organizational level. They might be thought of as means to achieving the strategic goals (ends). Output per labor hour, cost per unit, quality measures, and sales levels are examples.

EXERCISE:

1. How has your organization recognized the importance of people in achieving its goals and objectives?

2. Will attainment of the organization's goals and objectives be possible with current employees? If not, how can changes occur in the types of employees and managers?

Part II. Interpersonal relation tools

2.a. Motivation of employees

Psychologist Abraham Maslow developed one of the most widely known theories of motivation - the hierarchy of needs theory. According to this theory, humans' first need is for survival, so they concentrate on basic physiological needs (e.g., food, water, shelter) until those needs are satisfied. Then, they are concerned with safety needs or the desire to be reasonably safe, secure, and free from threats. Once these needs are satisfied, attention is turned to social needs or the desire to affiliate and be accepted by others. Next, is the esteem need, which is the desire to have others value one's contribution and to have a positive self image. Last is the self-actualization need which is the desire to fully develop capabilities in order to reach one's potential. For example, using one's creativity, pursuing new knowledge, or developing new techniques are examples of this highest need.

Maslow argued that once a need has been fulfilled, or at least nearly fulfilled, that need no longer is a motivator. Examples of ways in which needs are fulfilled at work are the following:

Physiological need - wages or salary, work space, heat, water

Safety needs - job security, insurance benefits, safety regulations

Social needs - cooperative coworkers and peers, warm supervisors, friendly customers, employer sponsored social activities

Esteem needs - prestigious office, compliments by supervisors, job title, recognition, important projects

Self-actualization needs - training, challenging projects, promotions

Other researchers have developed models of employee motivation that extend Maslow's basic concepts. For example, in Frederick Herzberg's model, there are two factors explaining motivation. Employers can affect employee motivation through their use of these factors. The first, hygiene factors are largely associated with the work environment. These include issues such as pay, working conditions, company policies, and fringe benefits, which are important as a means of keeping the employee from being dissatisfied. While necessary for keeping an employee satisfied, no amount of these hygiene factors can motivate an employee. Instead, motivator factors are related to job enrichment, e.g., achievement, responsibility, recognition, growth, and advancement. To have motivated employees, both hygiene and motivator factors must be present. In a sense, Herzberg's model simply compresses Maslow's hierarchy of needs into two categories. Hygiene factors include those rewards an employer can provide to address employee physiological, safety, and social needs, while motivator factors address esteem and self-actualization needs.

EXERCISE:

1. Identify 1 to 5 people in your organization with quite different responsibilities. Identify for each the highest unsatisfied need from Maslow's hierarchy.
2. Give examples of ways in which each of Maslow's needs are (or are not) met in your organization.
3. What are examples of hygiene and motivator factors used in your organization.

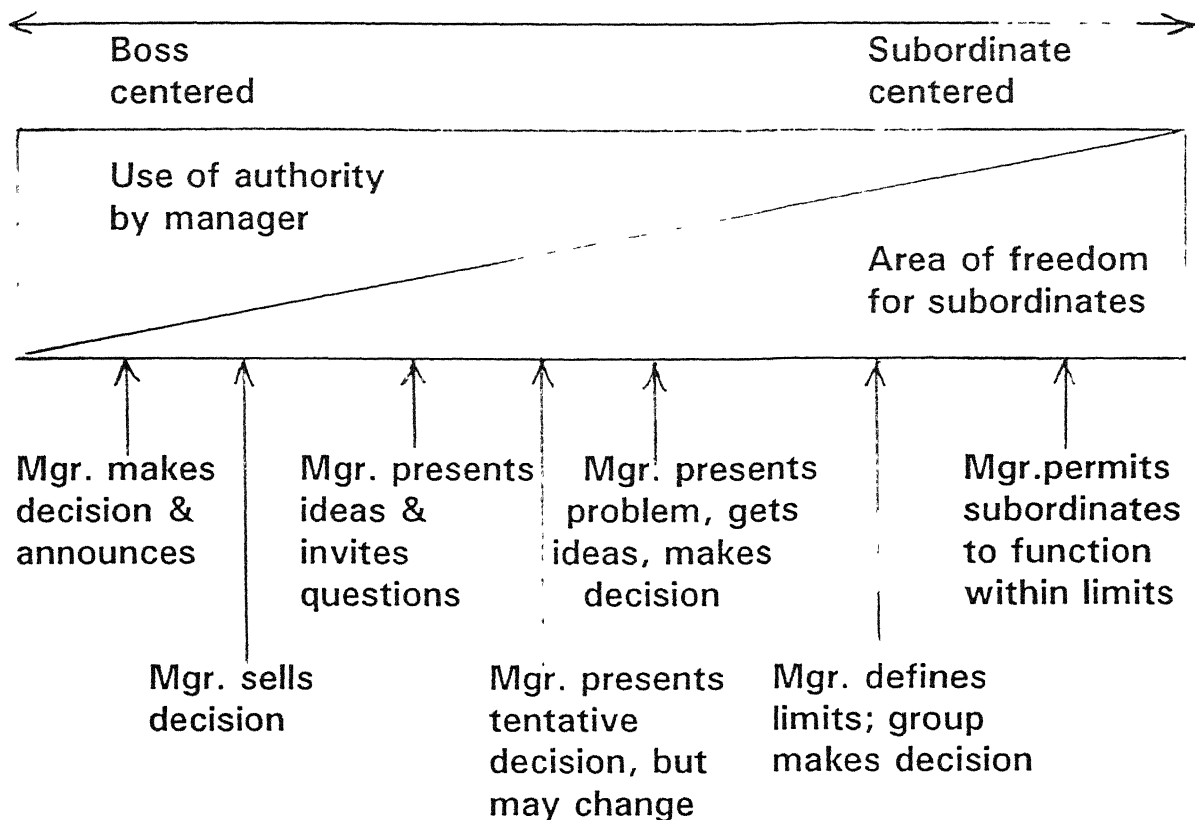
2.b. Leadership

Leadership is the process of influencing others to accomplish the organization's mission and goals. There is a difference between managers and leaders. Managers perform managerial functions of planning, organizing, directing, and controlling. They make decisions. They allocate resources. Leaders guide others with vision. Leaders are concerned about results. At times, they challenge the status quo. They offer encouragement to the team and celebrate achievement. They show enthusiasm.

Leader influence comes from a number of sources. Legitimate power or authority comes from the individual's position within the organization. If this is the only source of power, leadership is hampered. Resistance from employees may occur. Coercive power depends on the ability to punish. The "stick" is used to drive employees. Fear becomes the motivator, and employee resistance is likely eventually. Reward power depends on the leaders use of rewards to control others. The "carrot" is generously used to coerce employees. A good leader provides rewards, but can not depend solely on this source. Expert power depends on special skill, knowledge, or information. This source is effective if followers share leader's goals. Referent power depends on appeal, charisma, and personal charm. Admiration and being liked by others can be effective sources of power. Combining several sources of power is the generates the most influential leaders. Effective leadership requires subordinates granting the position, not simply being placed in a position of authority or demanding it.

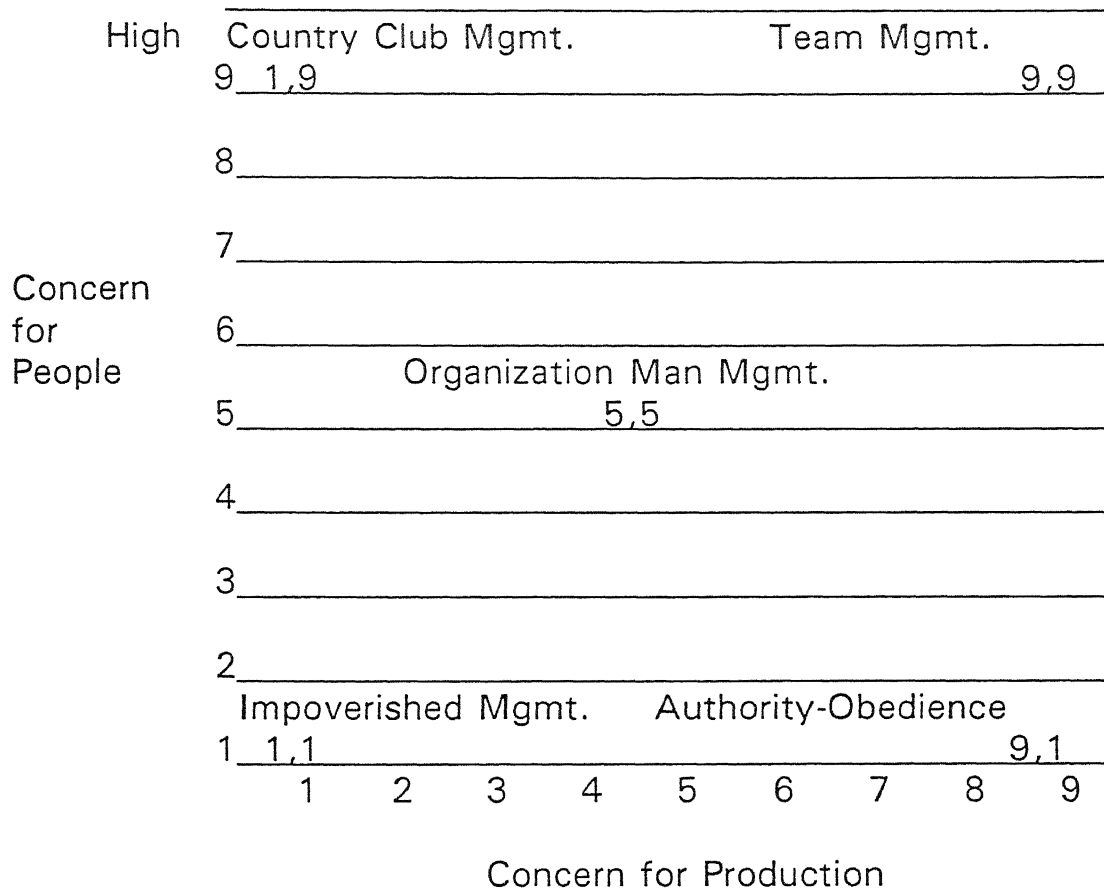
What behaviors make leaders most effective? Several researchers have studied this question, and one commonly accepted model of appropriate leader behavior pattern is from Robert Tannenbaum and Warren Schmidt. There is a continuum of leadership behaviors, ranging from autocratic or boss centered leadership (extreme left) to democratic or subordinate centered leadership (extreme right). Managers need to consider several factors before adopting a leadership style. First, is the comfort that the manager has with a particular leadership style. Second, characteristics of the subordinates, such as readiness to assume responsibility, influences the appropriate style. Third, characteristics of the situation, such as time pressure or urgency of the situation, influences the appropriate style. Generally, effective leaders move to the right on the continuum as much as possible on the premise that employee-centered leadership has the most potential for increasing employee motivation, teamwork, morale, and employee development.

Tannenbaum and Schmidt, "How to Choose a Leadership Pattern," Harvard Business Review, Vol. 51, May-June 1973, p. 164.



Robert Blake and Jane Mouton offer another perspective on leadership behavior. Rather than focus directly on behavior, the Blake Mouton model focuses on leader attitude. It shows how the interaction between the leader's concern for people and concern for production affect leader behavior and organization performance. Blake and Mouton argue that the most effective set of attitudes is a team management approach, 9.9 on the Grid, where concern is held for both people and accomplishing production tasks. "Being nice to employees is not enough" might be the message of the Blake and Mouton model. Not to be overlooked is the necessity for attention to the job at hand.

Mouton, Robert A. and Jane S. Mouton, The Managerial Grid III, Gulf Publishing, Houston, 1985.



Besides being concerned about accomplishing the job and being concerned about the individual, exceptional leaders are innovative, bring about change, and inspire others to put forth extra effort. Some leaders are capable of transforming the organization by inspiring employees to focus on broader issues that go beyond their own narrow self-interest. One important characteristic of the transformational leader is charisma or the ability to inspire others, to articulate a sense of vision, and to instill confidence, pride and respect within the organization. They are intellectually stimulating, encouraging others to rethink old ways of doing things. Sam Walton, Lee Iaccoca, and William Gates are examples from business. More commonly, leaders are less visionary and inspiring than the transformational leader, but still effective. They motivate employees to perform at expected levels, do not have a vision far different from the status quo, and respond to changing conditions by encouraging small incremental changes. These people might be termed managers or transactional leaders. They see that "things are done right," but not necessarily that "the right things are done."

EXERCISE:

1. Who are leaders in your organization? What sources of leader power are used by these leaders?
2. Generally, what is the style of leadership used most often by a leader in your organization? Are there conflicts in leadership style among leaders in your organization?
3. In what situations might a boss centered leadership style be best? In what situations might a subordinated centered leadership style be best?
4. For a leader with whom you are familiar, place him (her) on the Managerial Grid. What problems are caused by this type of leadership?
5. Do you know any transformational leaders in your organization?

2.c. Training and development -

Training increases an employee's skills in the present job, while development improves employees skills for future jobs. Training and development are investments in people and they benefit both the organization and the employee. The importance of training and development programs have increased as technology has changed. Equipment is larger, more expensive and more complex. Mistakes are more costly. Hiring employees with experience is increasingly difficult because of job specialization. Success of the business requires employees to be continually trained as technology changes.

Orientation training presents information about organization and the new employee's job. Some of the items to be presented at the orientation training might be the following:

- Characteristics of the business
 - history of business
 - mission statement and goals
 - management team
 - layout of facilities
 - overview of products and production processes
 - importance of employees
- Personnel policies
 - attendance, breaks, work schedule
 - courtesy to other employees
 - use and maintenance of tools and equipment
 - probationary period
 - disciplinary practices
 - safety procedures
- Employee benefits
 - pay and paydays
 - vacation
 - sick leave
 - insurance benefits
 - retirement benefits
- Introductions
 - supervisor
 - coworkers
 - frequent visitors
- Job duties
 - location
 - specific tasks
 - safety precautions
 - relationship to job and other work in organization

Training the employee to handle the first job usually follows orientation. Typically, employees are anxious to learn how to do the first job well. In preparation for this training, some issues need to be addressed. For example, what specific tasks should the employee be able to do at the end of the training? What are the primary steps that need to be done to accomplish each specific task? Are there performance standards that can be used to assess employee proficiency?

The actual training can be aided by a five step teaching method: Prepare-Tell-Show-Do-Review. (1) Prepare the learner - the trainer should show enthusiasm for the job, reinforce the importance of the job and how it relates to other jobs, and try to make the learner feel at ease and confident that they can learn the job. (2) Tell the learner about each step of the job. (3) Show the learner how to do each step, explaining each step while doing it. (4) Have the learner do each step while being observed by the trainer. Ask questions of the learner to make sure the learner understands each step. (5) Review each step with the learner, offering encouragement, constructive criticism, and additional pointers.

Technical skills training provides existing employees with updated specialized skills. Management development training develops employees skills for use at supervisory and managerial levels. These types of training are a continual process based on expected changes in the organization and prepare employees for new skills and responsibilities. Orientation training is usually conducted within the organization, but for technical skills and management development training, it may be cost effective to use training resources from outside the organization, e.g., consultants, customer representatives, or various training institutions (e.g. extension service, technical schools, colleges, producer organizations).

In many family businesses, training activities are part of child rearing. When the child is interested in a career with the family business, it is important to identify a strategy for education and skill development that adds to the business.

EXERCISE:

1. Who performs orientation training in your organization?
2. What is (or should be) the outline of activities in your organization's current orientation training?
3. How could the prepare-tell-show-do-review training process improve training in your organization?
3. Identify examples of opportunities for technical skills training or management development training for employees in your organization.

2.d. Communication

Communication process, types of communication

Communication begins when the sender has an idea to be shared with someone else, called the receiver. The message must be put into symbols in some fashion (encoded), transmitted either verbally or nonverbally, and interpreted by the receiver (decoded). Feedback enables the receiver to send a message to the sender that indicates acceptance, misunderstanding, or disagreement. In response, the sender can clarify or change the message. Understanding or action by the receiver is the

result. Anyone who has tried to assemble Christmas toys following manufacturers' directions can attest to the problems associated with unclear communication.

Written or oral communication is verbal communication, and of course, is extensively used in business. Managers tend to spend more time in oral communication (speaking and listening) than in any other single activity. Use of the language, vocabulary, voice intonation, speed, and volume all play important roles in transmission of the message. Listening is a crucial role in oral communication. With effective listening, managers are better able to understand situations, increase the efficiency of the communication process, and more quickly resolve problems.

Nonverbal communication is body language, and the use of time, space, touch, clothing, appearance, and aesthetics. Body language is an obvious form of communication with sender using facial expression, eye contact, gestures, and body posture. Often the most expressive body language is unconscious, e.g., frowning, slouching, closed eyes, dozing. Time is another effective communication device. For example, persistent tardiness at meetings sends a message of disinterest, disrespect, and/or lack of organization on the part of the sender. Space communicates a message, for example, when a person sits too close to the next person or moves within inches to talk to another. Touching through a handshake, a hug, or finger jabbing are common ways of communicating. Clothing and appearance send a message as in the case when a person dresses casually in an obviously formal situation. And art or music obviously effect perceived moods of receiver or sender.

Impediments to effective communication

Several factors impede or enhance communication between supervisors and subordinates--stereotyping, halo effect, projection, self-serving bias, and shooting the messenger.

Stereotyping involves attributing characteristics to an individual on the basis of perceptions of the group to which the individual is assumed to belong. It is beneficial in many circumstances. For example, uniforms may communicate to customers the role of the employee. In other cases, stereotyping can impede communication and performance. For example, a newly hired employee with several years of farm work experience can be set up for failure if the manager assigns a chore to the employee assuming she is knowledgeable about that particular farming practice.

The halo effect is the tendency to use a few positive attributes to judge the individual. An example of the halo effect would be a supervisor thinking favorably of an employee because they share the same hobbies or back the same sports teams.

Projection occurs when an individual assumes that others share his or her thoughts or points of view. A supervisor may assume that one particular task is enjoyable and not burdensome to a subordinate because the supervisor has always thought it exciting. Repeated assignment of that task to one employee may be perceived by the supervisor as a reward but by the employee as punishment. Two way communication is necessary to avoid the situation.

There is a tendency on the part of many supervisors to attribute organizational successes to superior management performance and failures to subordinate's shortcomings. Conversely, employees may look at successes and failures from the opposite point of view. Successes are

due to employees hard work and failures are because of poor management. This self-serving bias stands in the way of effective communication between supervisors and employees.

Individuals may react to bad news by blaming the messenger of that news. Shooting the messenger might be the term for a supervisor becoming angry at an employee who provides disappointing news, even though it was not the fault of the employee. As a result, employees become reluctant to share information that the supervisor needs to know.

Improving communication skills

Three keys to managerial effectiveness are clarity of the message, listening skills and feedback. Managers need to avoid sending a muddled message and to make sure communication is clear and concise. "I wonder what she means by that" or "I didn't understand a thing he said" are commonly heard phrases describing muddled messages.

Managers also need to devote considerable effort to interpreting the sender's message correctly. Effective listening requires more than passively following written or spoken words. The effective listener actively listens to both the content of the message and the feelings of the sender. Considerable interaction between sender and receiver may be required to sort out the true meaning of the communication.

Giving and receiving feedback is a continuous part of management's communication. Managers need to let subordinates know if they are or are not meeting expectations. They have to actively communicate organizational goals and the importance of the employee in meeting those goals. They also need to know if subordinates are disgruntled about some facet of a job or if subordinates have suggestions for improvements. It is also necessary to get feedback from customers. In retailing, studies indicate that only one in 50 dissatisfied customers complain; the other 49 switch brands. Quickly knowing about customer dissatisfaction and responding to it are essential to build customer loyalty.

Some structured approaches to improving an organization's communication include the following:
periodic meetings - Periodic meetings between managers and employees are essential to keep employees informed about current issues in the organization, to allow group interaction, and to keep organizational goals front and center.
publications and bulletin boards - This method of communication is especially effective in recognizing individuals and making employees feel important. Seeing names of colleagues and themselves in print can make the organization seem less impersonal to the employee.
open door policy - Managers keeping open doors invite easy access and make themselves available to listen to complaints and problems.
suggestion box - Reacting positively to employees' suggestions for improvements in the way things are done can stimulate productivity. Who knows a job better than the person doing it?
rules, regulations, policies, procedures, memos, and handbooks - These formal methods of communication are sometimes necessary, but the bureaucratic nature of these methods may inhibit effective communication.

Often, communication is more difficult in a family business than in a larger non-family firm. Familiarity with other family members may impede communication. One family member assumes that no discussion is needed about a problem because the other family member has firmly held views about it. Anger or frustration may be more easily exhibited, thus

communication more inhibited, when family members are working together. Family members may be reticent to share suggestions for improvement to others in the organization. Structured communication, e.g., periodic meetings, publications, bulletin boards, etc., may be used infrequently, if at all, in a family business. The family business may need to make a special effort to improve communication within the organization.

EXERCISE:

1. Give an example from your experience when communication between a supervisor and subordinates has been obstructed by one of the following: stereotyping, halo effect, projection, self-serving bias, and shooting the messenger.
2. How could your organization improve communication? What structured approaches could be used?
3. Can you think of examples of managers in the organization who could improve their message clarity, listening, and feedback?

2.e. Managing conflict

Conflict is common in organizations. It is often considered to be unsavory, but conflict also has its positive elements. Conflict can highlight problems and the need for solutions. It can promote change as parties work to resolve differences. It can stimulate creativity and innovation by encouraging new ideas. But conflict can jeopardize the organization's effectiveness. People can become hostile and destructive to the goals of the organization.

Individual differences are frequently a source of conflict. Differences in values, perceptions, personalities, background and goals can cause people to oppose one another.

Task interdependence can contribute to conflict. In situations where performing a task successfully (e.g. a waitress quickly serving food) depends on another's timely completion of a task (e.g. the cook's food preparation), conflicts are common.

Scarce resources can make conflict more likely. Cramped work space, limited amounts of equipment, and a shortage of operating funds can cause disagreements about the use of these scarce resources.

Poorly designed reward systems can create disincentives for cooperation. Rewarding individual performance rather than team performance can cause individuals to pursue their own agenda rather than the group's.

Communication failure due to factors mentioned previously - stereotyping, halo effect, projection, self-serving bias, and shooting the messenger - often leads to conflict.

Methods of reducing or resolving conflict

Obviously, one way to reduce conflict is to change the situation. Separate those who have individual differences, reduce the dependency of one job on another, provide more resources, change the reward system, and recognize and correct deficiencies in communication.

If the situation is difficult to change, the manager may appeal to the common goals of the organization. The manager with argumentative subordinates may appeal to the common good, such as "put aside your differences for now, we must get the crop planted."

In cases where the situation is not changed or where appealing to the common good is unsuccessful, conflict must be handled by interpersonal means. Avoidance is ignoring a conflict in hopes it will eventually go away. Accommodation resolves the conflict by letting one party have his/her own way at the expense of the other. Competition involves letting the conflict continue until there is a winner and a loser. Compromise tries to resolve the conflict by giving each party some desired outcome while forcing each to give up some desired outcome. Finally, collaboration strives to have conflicting parties come together to devise solutions that benefit both.

The appropriate method of resolving conflict depends on each situation. For example, the cooperativeness or assertiveness of each party often dictates the method. A dominant person may be given his way by a submissive person. In disagreement among equals, the urgency of the situation may force the conflict to be resolved quickly by accommodation or compromise. Or the importance of the situation to the long run welfare of the organization may require competition or collaboration between parties with strongly held convictions. Compromise might be the logical outcome between parties when the fight and disruption are not worth the effort.

EXERCISE

1. Think of a recent disagreement within your organization. Were there any positive outcomes from the disagreement?
2. There are situations that can foster conflict: individual differences, dependency of one job on another, resource scarcity, faulty reward system, and deficiencies in communication. Are there examples of persistent conflicts in your organization that are caused by one of these? Are there changes that could be made to reduce these conflicts?

2.f. Discipline

Discipline has the connotation of correcting bad behavior, which suggests an employer meting out punishment to an employee for doing something wrong. Another way of thinking of discipline is that it is a state or condition within the organization in which there is orderliness. That is, those involved in the organization act sensibly and conduct themselves in a manner that is consistent with the goals of the organization. Rather than considering discipline only in the negative, i.e., punishment to correct bad behavior, it has a positive dimension, i.e., promoting that behavior that enhances the goals of the organization.

Self-discipline is the most effective discipline. The normal tendency of people is to strive to do what is expected, to attempt to do the right thing, to follow reasonable standards of behavior, and to subordinate one's own interests to the needs of the organization. A large part of discipline is having each know what is expected. Individuals tend to conform to the formal and informal rules once these are known.

While employees generally control their behavior in an acceptable way through self-discipline, situations occur when a supervisor's

disciplinary action is required. Examples of these situations are ineffective employee performance due to motivation problems; alcohol or drug abuse, which may be confined to the time when the employee is not working, but interferes with job performance; illegal acts such as stealing from the company; violating rules of the organization, e.g., persistent tardiness; and actions that prevent others in the organization from working effectively, e.g. continual confrontational and argumentative behavior.

Discipline should be directed against the act and not against the person. It should be immediate, as soon as the facts are known but after tempers have cooled. There should be advanced warning that certain behaviors, e.g. excessive breaks, are unacceptable and will not be tolerated. Punishment should be consistent and fair, not arbitrary and capricious. Disciplinary actions should be documented for future reference to help assure consistency and to help substantiate actions taken.

The counterproductive aspects of discipline need to be recognized. Resentment, hostility, and low morale can result especially when the employee deems the punishment unfair. In family businesses, disciplinary action taken by one family member against another is especially difficult. One approach is to handle discipline from a problem solving perspective. The employee and supervisor have a joint problem that needs to be resolved, and the employee helps determine what actions would be appropriate to resolve the problem. This strategy can make the discipline more palatable.

Consistent use of a well understood system of progressive discipline is helpful. Formal steps in progressive discipline are:

1. verbal warning - the supervisor talks to the employee about the problem;
2. written warning - the supervisor presents a written warning to the employee specifying the undesirable behavior;
3. one-day suspension - if the undesirable behavior continues after the written warning, a one-day suspension, without pay, occurs;
4. three-day suspension - if the undesirable behavior still continues, a one-day suspension, without pay, occurs;
5. demotion or discharge - as a last resort, the employee is moved to a lower paying job or fired;
6. at any step, continued desirable behavior, e.g., three months, returns the employee to step 1.

There are some actions that are so offensive that immediate dismissal may be warranted, e.g., drinking on the job, hitting a co-worker, and selling drugs in the work place.

EXERCISE:

1. Think of past disciplinary actions that have occurred in your organization. In hindsight, could these situations have been prevented? handled better?
3. Does your organization need to develop and use formal progressive discipline?

2.g. Organizing people

The most effective plans have little chance for success unless the business has a means of carrying them out. The manager needs to

organize or arrange human and nonhuman resources in ways that enable plans to be implemented successfully.

Organizational structure is designed by management to be the formal pattern that links the tasks of individuals in order to achieve the organization's goals. This formal pattern is supplemented by an informal pattern in most organizations. These are not designed by management, but they emerge due to friendships or common interests. Organizational structure consists of four elements: (a) division and assignment of tasks and responsibilities to units and individuals; (b) clustering individuals into units (e.g. departments) and those units into larger units (e.g. divisions, groups, etc.) to form the organization's hierarchy; and (c) determining the mechanisms to facilitate the coordination of activities between units (e.g. designation of individuals reporting to particular managerial positions, degree of delegation of authority to a managerial position, and task forces to foster horizontal coordination between units).

Organizing principles

An organization chart is a diagram depicting the structure of the organization. The organization chart implicitly describes several other organizing principles. Specialization and division of labor are defined by the type of work being performed in each position. The relative authority of each position is indicated by its location on the chart. Normally, it is assumed that the higher the position on a chart, the more authority and responsibility. Departmentation is depicted on the chart by grouping individuals into departments. Span of control is the number of subordinates reporting to each position and is indicated by lines drawn between positions. Chain of command is the unbroken line of authority that links each individual in the organization through a supervisor to the next layer of supervision and ultimately to the top position in the organization. The unity principle states that to avoid conflicting instructions from supervisors, employees report to only one supervisor. Certainly, an employee having multiple supervisors may occur in some situations, but good coordination and communication between supervisors is necessary to prevent conflicting instructions.

To coordinate activities within the organization, managers need to consider the extent to which it is centralized or decentralized. An organization is relatively centralized if decision making is concentrated at the top of the organization. Centralization promotes strong leadership because power rests at the top. It requires top managers with experience and willingness to make large numbers of decisions. Decisions at lower levels tend to be governed by restrictive policies, procedures, or rules that allow little discretion. On the other hand, decentralization of decision making encourages decision making at lower levels. It is more consistent with empowering employees to be creative, enriching their jobs by making them more challenging, faster decision making, and more flexibility. Decentralization tends to be favored when organizations are large, geographically dispersed, technologically complex, and when there is a great deal of uncertainty and a rapid rate of change in the business environment.

Decentralization implies delegation of decision making to lower levels. Effective delegation necessitates three key elements: responsibility, authority, and accountability. Responsibility means that an individual has the obligation to make decisions and perform tasks consistent with the organizations goals. With authority comes the right to implement decisions, commit resources, and direct others. Accountability means that the decisions and actions are subject to scrutiny and that satisfactory explanations for significant deviations

from expected results are required. The parity principle states that responsibility for a task should be accompanied by the authority over personnel and resources to accomplish the task.

The acceptance theory of authority emphasizes that to be effective authority must be accepted by subordinates as well as delegated from those above. Employees who don't accept the authority role delegated to their managers sometimes disobey, but more frequently, don't fully cooperate.

Regardless of the level of the decision maker, sometimes the decision maker is uncomfortable in using his/her authority due to the unusual nature of the situation. The exception principle is that someone higher in the structure of the organization must be available to handle those situations that are beyond the authority of the decision maker.

Formalizing the organization

Organization can be made more formal through job descriptions, policies, and procedures. Job descriptions specify the duties of each job, its qualifications, and working conditions. Policies are general guides to action within the organization. For example, a farm market might have general policies regarding the treatment of customer complaints. A procedure is a series of related steps to be taken in certain circumstances. The farm market might have prescribed procedures for cleaning, displaying, and storing fresh farm produce.

These methods of formalizing the organization are used to provide consistent actions and to coordinate activities. However, being too highly formalized can lead to a lack of creativity and change and to an oppressive and cumbersome organizational structure. When organizations are small, they can run less formally, with few formal documents spelling out policies and procedures. However, this informality can work to the disadvantage of the organization if employees lack understanding of goals and objectives and work procedures.

Teams

Teams are an important type of group in modern organizations. A team is a group that is designed to work together to identify and solve group related work problems. Thomas J. Peters, a well recognized author and consultant in management, promotes self-managed work groups as the important tool to increase productivity.

Quality circles are a type of work group that had its origins in Japan and has been adopted widely by U.S. firms. They are usually used only in selected areas and are typically not found throughout the whole organization. They have worked especially well in manufacturing situations.

Quality circles consist of a few employees (e.g., three to ten) who perform the same work or share the same work area. They meet on a regular basis, maybe an hour per week, to share techniques or tools learned in recent training to problems affecting their work. Often, they develop solutions to problems or develop new techniques that are presented to management for consideration.

There are several attractive features to quality circles. They are a form of job enrichment since individuals are given more decision

making authority. The individual learns from the group, which develops the individual's skills. Also, the group helps satisfy social needs. The team provides a mechanism for communication among group members and with others in the organization. It also improves workers self esteem because they can contribute to improving the organization's performance. Maybe the biggest advantage of quality circles is that employees become agents of change rather than resistors to changes imposed on them.

EXERCISE:

1. Draw an organizational chart for your business.
2. Envision your business in five years. Draw its organizational chart.
3. Is it possible for a small business that has three employees to develop a quality circle? Why or why not.

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